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THE FATS AND OILS SITUATION

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In this issue:-
First effects of the war on United States foreign trade in fats and oils.

Summary

Prices of most fats and oils, after declining in October, declined further in November from the levels gained immediately following the outbreak of war in Europe. But in all cases, prices continued considerably higher than those of last August, when, except for the drying oils, they were the lowest in more than 5 years. Prices of lard, cottonseed oil, and corn oil in November were 10 to 15 percent lower than those of a year earlier, largely as a result of increased lard production; but prices of practically all other fats and oils were higher than in November 1938.

During the first 2 months of the war in Europe, imports of fats, oils, and oilseeds, mostly for industrial purposes, were considerably smaller than in the corresponding period of 1938. Exports of lard, soybeans, and cottonseed oil were larger.

The reduction in imports apparently was due to several factors, including large domestic stocks of most fats and oils on hand, disruption of normal shipping facilities, increased ocean freight and war-risk insurance rates, and varying degrees of control over foreign supplies exerted by the belligerent and neutral nations of western Europe. The increase in exports of food fats apparently was due to fear of shortages on the part of certain

foreign nations, as well as to the disruption of normal imports of vegetable oils and oilseeds from sources other than the United States.

It is significant that exports of lard to the United Kingdom, our most important market, decreased sharply in October. Recent events indicate that the United Kingdom, pursuing a cautious buying policy, is endeavoring to secure as much of its needed food supplies as possible from countries attached to sterling exchange. Nevertheless, the United States is the only nation with a large surplus of lard available for export, and it seems probable that if shipping difficulties become more acute the United Kingdom will increase its purchases of lard in this country at the expense of vegetable oils from more distant areas.

REVIEW OF RECENT DEVELOPMENTS

Prices of most fats and oils decline somewhat further in November

With few exceptions, prices of fats and oils declined somewhat further in November from the levels attained during the fairly sharp advances in September. But prices of all fats and oils continued higher than the relatively low prices of last August. Butter prices advanced seasonally in November, and the price of castor oil, influenced partly by increased demand for that oil in the drying industries, advanced slightly. The price of cod oil advanced sharply in November.

Prices of tung oil, oleo oil, and oleostearine, which had advanced most in September, declined most in November. Corn-oil prices were down about 10 percent from October to November, while lard prices declined about 8 percent. Other fats and oils experiencing moderate price reductions in November include grease, olive-oil foots, and sardine oil. Prices of most other fats and oils were steady to slightly lower.

Compared with a year earlier, prices of some of the domestic fats and oils in November were lower and some were higher, whereas prices of all the imported fats and oils were higher. Lard, cottonseed oil, and corn oil prices were down 10 to 15 percent, largely because of the marked increase in lard production this year compared with last. Tallow, grease, oleo oil, peanut oil, and soybean oil prices were little changed. Butter and oleostearine prices were considerably higher. Linseed oil also was up sharply compared with a year earlier.

Prices of most of the imported fats and oils in November this year were 10 to 30 percent higher than in November 1938. However, teaseed oil was up about 75 percent, tung and oiticica oils were up about 80 percent, and cod-oil prices were more than double those of a year earlier. Reduced shipments from China were largely responsible for the sharp gains in teaseed oil and tung oil prices, as well as for oiticica oil, which is closely competitive with tung oil. Difficulties in securing shipments of fish-liver oils from Norway and the United Kingdom apparently were responsible for the marked increase in the price of cod oil.

Federal Surplus Commodities Corporation authorized to purchase lard for relief distribution

The Secretary of Agriculture announced on November 29 that the Federal Surplus Commodities Corporation has been authorized to purchase lard and certain cuts of salt pork for relief distribution. Lard already had been designated as a surplus commodity under the Stamp Plan, which permits eligible low-income families to purchase surplus commodities with blue stamps issued free by the Federal Surplus Commodities Corporation. In October, it was reported, 10 percent of the total purchases made with blue stamps were of lard.

The Stamp Plan program now is in operation in 16 cities, and 12 other cities have been designated for inclusion in the program. Administrative officials estimate that the program will be in operation in 125-150 cities by July 1, 1940.

Peanut-crushings estimate revised downward

The "Outlook for Fats, Oils, and Oilseeds for 1940," released November 15, stated that at least 250 million pounds of peanuts from the 1939 crop would be available for crushing this season. In the November issue of "The Fats and Oils Situation," released on the same date, the peanut-crushings estimate was revised downward to about 200 million pounds. It now seems probable that less than 100 million pounds of farmers' stock peanuts will be crushed during the current season. However, to this must be added the mill-stock shelled peanuts which will be crushed, equivalent to 40 to 60 million pounds of unshelled nuts.

The September 1 and October 1 crop reports, on which the original crushings estimate was based, indicated a total 1939 crop of peanuts picked and threshed amounting to 1,295 million pounds and 1,233 million pounds respectively. Because of adverse weather conditions, the indicated production as of November 1, totaling 1,147 million pounds, was approximately 85 million pounds less than a month earlier and 148 million pounds less than 2 months earlier. It is possible that the December 1 crop report may show some further reduction in the size of the peanut crop this year.

More than 830 million pounds of peanuts were cleaned and shelled during the 1938-39 marketing season. With improvement in consumer incomes and in the demand for peanuts, at least 850 million pounds of peanuts are likely to be cleaned and shelled this season. An additional 200 million pounds will be required for farm and local uses. Thus less than 100 million pounds of farmers' stock peanuts, mostly of edible grades, will remain available for crushing.

Acquisition of farmers' stock peanuts by grower cooperatives to December 9, as recorded by the Agricultural Adjustment Administration, totaled about 72 million pounds, of which about 7 million pounds had been diverted to crushing mills. With a relatively strong demand and high prices prevailing for peanuts for "edible" uses, the cooperatives are not likely to find it necessary to acquire many more peanuts this season in order to support prices to growers. The average farm price of peanuts in mid-November was 3.4 cents per pound compared with 3.3 cents a year earlier.

Total crushings for the 1939-40 season, including the unshelled equivalent of shelled peanuts held by mills, probably will not exceed 150 million pounds and may be less than that amount. Thus the production of peanut oil this season will be sharply reduced from that of last season, when more than 300 million pounds of peanuts were crushed. Estimates of production and disposition of peanuts in the United States for recent years are shown in table 1.

Table 1.- Peanuts picked and threshed: Estimated production and disposition in the United States, average 1928-37, annual 1933-39

Period and year	Production	Disposition: Farmers' stock peanuts 1/				Oil-stock crushed 2/		Total crushed basis in-the-shell
		Cleaned and shelled	Crushed for oil	Used on farms	Sold for seed and other local uses	Shelled	Unshelled equivalent	
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Average 1928-37	989	732	72	141	44	41	62	134
1933	820	625	3	148	43	28	42	45
1934	1,010	647	159	155	49	54	80	239
1935	1,147	782	156	159	50	39	58	214
1936	1,253	891	165	154	43	56	84	249
1937	1,224	854	171	152	47	38	57	228
1938 3/	1,309	837	260	166	47	29	43	303
1939	4/1,147							

Computed from reports of the Agricultural Marketing Service and Bureau of the Census.

1/ Year beginning November, V.-C. area; year beginning September, S.E. area; year beginning August, S.W. area.

2/ Year beginning October.

3/ Preliminary.

4/ Indicated November 1.

FIRST EFFECTS OF THE WAR ON UNITED STATES FOREIGN TRADE IN FATS AND OILS

The United States normally has net-imports of over 1 billion pounds of industrial fats and oils annually (including the oil equivalent of oilseeds), and exports on balance 400 to 500 million pounds of food fats and oils, of which a surplus is produced in this country. Under the exceptional circumstances brought about by the sharp curtailment in domestic lard production during the 4 years 1935-38, food fats and oils were imported on balance in those years. But with the marked recovery in lard production since 1938, and with increased production of soybeans, a surplus of food fats and oils will again be available for export in 1940.

The November issue of this report indicated that imports of vegetable oils and oilseeds by the United States, mostly for industrial uses, probably would not be restricted by the European War. On the other hand, it indicated that the war would be likely to bring about increased exports of lard and soybeans.

Imports reduced, exports increased, during first 2 months of war

During the first 2 months of the present war in Europe, i.e., in September and October 1939, imports of fats, oils, and oilseeds into the United States were materially smaller than in the corresponding period of 1938. Exports were larger than those of a year earlier. The reduction in imports apparently was the result of a number of factors, among which were the dislocation of shipping routes with the outbreak of war, increased ocean freight and war-risk insurance rates, and varying degrees of control over foreign supplies exerted by the belligerent and neutral nations of western Europe. It is possible that some decrease in imports would have occurred in any event, because of the relatively large supplies of fats and oils that were on hand in the United States before the war broke out.

For the 2-month period, imports of the principal fats and oils (including the oil equivalent of oilseeds) totaled only 205 million pounds compared with 312 million pounds in the corresponding period of 1938. Exports for the period totaled 89 million pounds compared with 46 million pounds a year earlier. Thus net imports were reduced from 267 million pounds to 117 million pounds or more than 50 percent.

The most marked reductions in imports from the September-October period of 1938 to that of 1939 occurred in coconut oil and copra from the Philippines, flaxseed from Argentina, cottonseed oil from Brazil, and palm oil from Netherlands India and West Africa. Marked increases occurred during the same period in exports of soybeans and soybean oil, cottonseed oil, and lard. The trade figures for the various fats and oils, and oil-bearing materials, are shown in table 2.

Table 2.- Imports and exports of specified fats and oils, including crude oil equivalent of oil-bearing materials, United States, September and October, 1938 and 1939

Item	Imports				Exports			
	1938		1939 1/		1938		1939 1/	
	Sept.	Oct.	Sept.	Oct.	Sept.	Oct.	Sept.	Oct.
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
Domestic food fats and oils-								
Butter	71	106	79	159	319	248	254	282
Corn oil	1,505	2,078	430	339	14	9	12	9
Cottonseed oil 2/	8,948	5,538	1,125	119	635	469	1,947	4,928
Lard, incl. neutral 3/	–	1	4/	–	18,790	21,071	24,693	19,091
Oleo oil	–	–	–	–	350	363	504	672
Oleostearine	–	400	–	–	4	–	1	103
Oleo stock	–	–	–	–	198	453	460	1,056
Peanut oil	3,394	450	79	315	5/	5/	1	108
Soybean oil	95	63	40	45	356	358	567	1,441
Soybeans, oil equiv. (14%)	1	3	2	1	79	50	28	21,215
Total	14,014	8,639	1,755	978	20,745	23,021	28,467	48,905
Foreign food oils:								
Olive oil, edible	5,866	6,292	5,973	5,808	–	–	–	–
Sesame oil	509	653	452	7	–	–	–	–
Teaseed oil	2,182	2,275	200	381	–	–	–	–
Total	8,557	9,220	6,625	6,196	–	–	–	–
Edible industrial oils 6/								
Babassu nuts, oil equiv.(63%)	1,185	635	5,191	5,780	–	–	–	–
Coconut oil	32,579	26,827	10,988	17,774	2/605	2/508	2/1,420	2/8,038
Copra oil equiv. (63%)	25,316	29,112	9,491	21,699	–	–	–	–
Fish oils, excl. cod oil 7/	21	47	65	63	77	159	446	315
Palm-kernel oil	16	18	407	–	–	–	–	–
Palm kernels, oil equiv.(45%)	2,571	1,215	1	1	–	–	–	–
Palm oil	14,380	33,165	14,354	22,349	–	–	–	–
Rape oil	306	478	460	1,251	–	–	–	–
Whale oil	622	5,312	550	388	–	–	–	–
Total	76,995	96,809	41,507	69,305	682	667	1,866	8,353

Continued -

Table 2.- Imports and exports of specified fats and oils, including crude oil equivalent of oil-bearing materials, United States, September and October, 1938 and 1939 - Continued

Item	Imports				Exports			
	1938		1939 1/		1938		1939 1/	
	Sept.	Oct.	Sept.	Oct.	Sept.	Oct.	Sept.	Oct.
Inedible industrial fats and oils 6/	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
Castor beans, oil equiv. (42%)	4,622	4,032	2,294	4,541	--	--	--	--
Fish-liver oils, incl. cod oil	3,911	5,063	9,283	7,354	8/	8/	8/	8/
Greases	9/	9/	9/	9/	173	166	204	377
Olive-oil foots	4,979	1,244	2,721	100	--	--	--	--
Olive oil, inedible	752	692	593	1,335	--	--	--	--
Tallow	150	150	--	--	30	28	184	476
Total	14,414	11,181	14,891	13,330	203	194	388	853
Drying oils -								
Flaxseed, oil equiv. (33%)	24,878	25,515	8,351	16,161	--	--	--	--
Oiticica oil	866	273	966	1,739	--	--	--	--
Perilla oil	2,505	2,670	5,560	5,720	--	--	--	--
Tung oil	8,789	6,696	5,713	6,679	--	--	--	--
Total	37,038	35,154	20,590	30,299				
Total, all groups	151,019	161,003	85,368	120,108	21,630	23,882	30,721	58,111

Compiled from official records of the Bureau of Foreign and Domestic Commerce.

1/ Preliminary.
2/ Crude plus refined converted to crude, using 0.93 for cottonseed oil and 0.94 for coconut oil.
3/ Does not include shipments to noncontiguous territories of the United States
4/ Less than 500 pounds.
5/ Not separately reported.
6/ Excluding the drying oils.
7/ Figures include herring, menhaden, sod, eulachon, other fish and other fish and marine animal oils. Not including fish-liver oils, other than small amounts that may be included with exports.
8/ If any, included with fish oils, excluding cod oil.
9/ Reported in value only.

Imports of most fats and oils likely to continue large

Significant in the import trade of the United States are flaxseed, castor beans, babassu nuts, and oiticica oil from South America, coconut oil and copra from the Philippines, and perilla oil from Japan. Available supplies of any of these commodities are not likely to be materially curtailed because of the European War. The marked reduction in imports of coconut oil and copra in September and October this year apparently was a temporary fluctuation brought about by a lack of shipping space. Reduced imports of flaxseed were a logical consequence of the marked increase in the domestic crop this year compared with last. Smaller imports of castor beans reflected reduced production in Brazil. Imports of babassu nuts and oiticica oil from Brazil were larger in the September-October period this year than last.

Also significant are imports of palm oil and palm kernels from Netherlands, India and West Africa, olive oil from the Mediterranean region, and tung oil from China. Although there may be some temporary disturbances in the East Indies and African trade because of the large measure of control exerted over supplies and shipping in those areas by the United Kingdom and the Netherlands, no serious limitation is likely on exports to the United States of palm oil or of palm kernels, production of which has been increasing in recent years.

So long as the war is not extended actively to the Mediterranean region, imports of olive oil are likely to continue large, although some reduction in the quantities available for shipment to this country may result from increased demand for olive oil in Europe. Imports of edible olive oil for September and October this year totaled nearly 12 million pounds, only slightly less than in the corresponding period of 1938. Imports of olive-oil foots, used largely in the manufacture of soap and glycerin, however, were considerably smaller in the 2-month period this year than last. This might have been due to increased demand for such oil in Europe, but it might also have been due largely to the fact that stocks of domestic oils suitable for soap are relatively large.

Domestic supplies of tung oil have been seriously curtailed throughout 1939 by military operations in China. During the first 10 months of the year, imports of tung oil totaled only 63 million pounds compared with 88 million pounds in the corresponding period of 1938. It is probable that as a result of the further extension of the Japanese blockade of China, even smaller quantities of tung oil will be available for import into the United States in 1940. Oiticica oil and dehydrated castor oil are being substituted for tung oil to some extent in the drying oils industries. Imports of oiticica oil from Brazil from January through October this year totaled 18 million pounds compared with 3 million pounds a year earlier. A further increase in imports of oiticica oil may be expected in 1940.

Imports of fish-liver oils in September and October this year were relatively large, apparently as a result of some forward buying on the part of American agencies. With the fishing industry of the United Kingdom seriously curtailed by the war, world supplies of fish-liver oils, used largely for medicinal and poultry-feeding purposes, may be reduced to some extent. However, Norway and Newfoundland are large producers of such oils, and no serious shortage is likely.

In recent years the United States has imported moderately large quantities of peanut oil, almost all of which has originated in the Netherlands and in China. With imports of oilseeds into the Netherlands being seriously limited by the war in Europe, and with exports from China impeded by the Japanese blockade, not much if any peanut oil is likely to be imported from those countries in 1940. Imports of peanut oil during September and October this year, despite relatively small supplies of domestic peanuts available for crushing, totaled only 394,000 pounds compared with 3,844,000 pounds in the corresponding period of 1938.

Exports of soybeans and cottonseed oil increase sharply

Exports of soybeans in October this year amounted to 2,526,000 bushels compared with 6,000 bushels in October 1938. In addition, approximately 1,441,000 pounds of soybean oil were exported. The combined exports of soybean oil and of soybeans in terms of oil in October this year amounted to the equivalent of about 22,656,000 pounds of oil, which was equal to more than 50 percent of the total exports for the 1938-39 season. The domestic crop of soybeans for 1939 is estimated at about 80,000,000 bushels compared with about 58,000,000 bushels in 1938.

As indicated in table 3, most of the soybeans exported in October went to Canada, chiefly for transhipment to Europe by way of the St. Lawrence River. It is not possible from the available data to state how much of this export movement represents shipments to the United Kingdom, and how much shipments to other countries. Direct exports from the United States to the United Kingdom were almost negligible, but exports to Denmark, Finland, and the Netherlands were moderately large.

American soybeans this season are taking the place in part of soybeans formerly imported into Europe from Manchuria. Not only is the shipping distance less from this country than from Manchuria, but the soybean crop in that country is reported to be considerably smaller this year than last. Although direct evidence of export buying is not available, exports of at least 10 million bushels of soybeans seem probable for the 1939-40 season, beginning October, compared with total exports of about 4,416,000 bushels for the 1938-39 season.

Soybeans are valued for the high-protein cake and meal for livestock feeding as well as for the oil which they contain. The cake and meal content of Manchurian soybeans is said to be somewhat higher than that of American soybeans, and in the past Manchurian soybeans have been preferred in several European countries for that reason.

Imports of cottonseed oil, which had been fairly large since 1934, decreased somewhat in 1938 and in early 1939. A sharp decrease in imports occurred in September and October this year. In the latter month, imports were almost negligible. Exports of cottonseed oil, on the other hand, increased sharply during September and October this year, and exceeded imports by considerable margins. Net exports in September amounted to about 822,000 pounds, and in October to about 4,809,000 pounds.

Prior to 1935 the United States had been a net exporter of cottonseed oil. But because of the shortage in domestic food fats brought about largely by the droughts of 1934 and 1936, cottonseed oil was imported on balance from 1935 through the first 8 months of 1939. With the sharp increase in domestic production of lard and soybeans in the past year, however, the import balance for cottonseed oil was diminishing rapidly, and it is probable that imports would have become negligible even if there had been no war.

Table 3.- Exports of soybeans and cottonseed oil from the United States by countries of destination, September and October, 1938 and 1939

Country to which exported	Soybeans 1938 Sept.	 Oct.	 1939 1/ Sept.	 Oct.
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
United Kingdom	--	--	2/	1
Canada	9	3	2/	2,309
Total	9	3	2/	2,310
Denmark	--	--	--	112
Finland	--	--	--	53
Netherlands	--	--	3	51
Total	--	--	3	216
Mexico	2/	3	--	--
Other countries	2/	2/	2/	2/
Total, all countries 3/	9	6	3	2,526
	Cottonseed oil (in terms of crude oil) 4/			
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
United Kingdom	--	2/	1	5
Canada	2/	4	297	2,259
Total	2/	4	298	2,264
Belgium	--	--	--	173
Sweden	--	--	538	368
Switzerland	--	--	194	906
Total	--	--	732	1,447
Cuba	19	1	53	123
Panama	61	48	112	67
Colombia	--	1	12	36
Venezuela	1	2/	8	11
Total	62	49	132	114
Philippine Islands	526	396	702	703
Other countries	28	17	31	278
Total, all countries 3/	635	469	1,947	4,929

Compiled from official records of the Bureau of Foreign and Domestic Commerce.

1/ Preliminary.
2/ Less than 500 bushels or pounds.
3/ Total of unrounded numbers.
4/ Refined and crude; refined converted to crude basis by dividing by 0.93.

The principal reason for the marked decrease in imports and sharp increase in exports of cottonseed oil in September and October this year appears to have been a sudden increase in demand for that oil, useful for both food and soap, on the part of Canada and the United Kingdom, and of certain of the neutral countries of Europe, notably Switzerland, Sweden, and Belgium. Cuba, Panama, Colombia, Venezuela, and the Philippine Islands also increased their imports of cottonseed oil from the United States in September and October this year.

Although domestic stocks of cottonseed oil on August 1 were unusually large (see November issue of this report), production from the 1939 crop of cottonseed will be somewhat less than in 1938-39 and considerably less than average. Nevertheless, with large supplies of lard and soybeans available, there is still room for some expansion in exports of cottonseed oil this season. It does not seem likely, however, that net exports of cottonseed oil in 1940 will be very large.

Exports of lard to United Kingdom decrease--increase to most other countries

Exports of lard, excluding shipments to noncontiguous territories totaled about 44 million pounds for September and October this year compared with 40 million pounds in the same period of 1938. The United Kingdom and Cuba were the two principal foreign takers. Indicative of the present British policy of restricting prices and hence imports of lard, exports from the United States to that country fell off sharply in October. Total exports to the United Kingdom for September and October were about 6 million pounds less than in the corresponding period of 1938. Exports to Cuba, Colombia, Venezuela, Sweden, and Belgium, however, were considerably larger than a year earlier. Exports to Canada, Ecuador, the Netherlands, Costa Rica, Panama, and Italy also showed material increases.

The large degree of control over world shipping exerted jointly by the United Kingdom and France, and the necessities of the war, have resulted in marked delays in foreign shipping. This and the fear of shortages may explain the pronounced increase in imports of lard from the United States by so many neutral countries during the first 2 months of the war. However, as transportation is reorganized, many of these countries, especially those in Central and South America, may find their needs for American lard less pressing than they seemed to be at first, particularly in view of the large supplies of vegetable oils and oilseeds that are available in Southern Hemisphere surplus-producing countries.

Exports of lard to the United Kingdom, our principal market, may continue small for several months, but it does not seem likely that such exports will be permanently reduced.

Recent events indicate that the United Kingdom is pursuing a cautious buying policy, and apparently is endeavoring to secure as much of its needed food supplies as possible from countries attached to sterling exchange. However, the United States is the chief surplus lard-producing nation, and it may be assumed that if the United Kingdom and other European countries are anxious to obtain lard, the bulk of it will come from this country. Normally, more than 80 percent of world exports of lard originates in the United States.

Table 4.- Exports of lard (including neutral lard) from the United States by countries of destination, September and October, 1938 and 1939

Country to which exported	1938		1939 1/	
	Sept.	Oct.	Sept.	Oct.
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
United Kingdom	8,263	12,310	9,955	4,390
Canada	265	38	577	642
Total	8,548	12,348	10,532	5,032
Germany	445	61	---	---
Poland and Danzig	50	82	---	---
Total	495	143	---	---
Belgium	232	445	466	1,290
Finland	11	55	39	---
Italy	---	7	22	55
Netherlands	---	21	74	321
Norway	1	7	1	25
Sweden	---	28	307	876
Switzerland	---	---	111	518
Total	244	563	1,020	3,085
Malta, Gozo, and Cyprus	142	172	306	513
Cuba	4,503	4,397	7,461	5,785
Dominican Republic	299	132	251	171
Haiti	80	67	141	65
Total	4,882	4,596	7,853	6,021
Mexico	850	827	559	695
Costa Rica	330	163	188	605
Panama 2/	199	179	426	234
Colombia	555	202	1,687	853
Venezuela	667	307	1,300	1,529
Ecuador	54	92	564	229
Peru	20	9	---	---
Total	2,675	2,279	4,724	4,145
Other countries	1,803	971	256	294
Total all countries 3/	18,790	21,071	24,693	19,091

Compiled from official records of the Bureau of Foreign and Domestic Commerce. Does not include shipments to noncontiguous territories of the United States.

1/ Preliminary.
2/ Including Panama Canal Zone.
3/ Total of unrounded numbers.

Although lard exports from this country from 1935 through 1938 were small, principally because of the curtailment in hog production resulting from droughts, it is expected that the United States in 1940 will again be in a position to export a relatively large amount of lard. In the Western Hemisphere, Canada and Brazil are the only two countries beside the United States which produce lard for export. But the amount of lard available for export in those countries is comparatively small, as indicated by table 5.

Table 5.- Net exports of lard, including neutral lard, from principal exporting countries, averages 1925-34, annual 1935-38

Country	Average: 1925-29	Average: 1930-34	1935	1936	1937	1938
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
United States 1/	767	584	115	137	162	234
Canada	3	1	14	29	30	17
Brazil	2/	6	30	18	1	-
Netherlands	54	33	28	16	15	8
Denmark	24	40	27	27	29	23
Hungary	10	8	43	32	31	29
Yugoslavia	2/	2	10	16	18	15
Ireland	3	3	4	4	3/ 5	5
Sweden	2/	1	1	2	2	2
China	11	5	7	6	13	15
Australia	1	2	2	3	4	4
Madagascar	2	2	2	2	3	2
Total, countries other than United States	108	103	168	155	151	120
Total, all countries	875	687	283	292	313	354

Compiled from official sources.

1/ Includes shipments to noncontiguous territories.

2/ Net imports.

3/ Includes imitation lard.

4/ Year ended June 30.

The United Kingdom is reported to have large stocks of fats and oils on hand; and vegetable oils and oilseeds, as well as animal fats from Argentina, Australia, and New Zealand, continue to be imported by the United Kingdom in considerable volume. It seems probable, however, that British production of whale oil, an important source of food and soap fat in recent years, will be sharply curtailed if not altogether stopped during the war. And with continued sinking of Allied and neutral ships, the United Kingdom and certain other countries of western Europe may find it convenient as time goes on to secure supplies of food fats from the United States because of the shorter shipping distance from this country than from South America or Asia. It may be assumed that when the need for increased imports of food fats from the United States becomes felt, means of payment for such imports will be made available.

It is estimated that exports and shipments of lard from the United States for the calendar year 1939 will total more than 300 million pounds compared with 234 million pounds in 1938. Approximately 600 million pounds of lard will be available for export in 1940, but total exports and shipments in that year may not be much in excess of 400 million pounds. If the war in Europe continues after 1940, European requirements for American lard are likely to increase, not only because of the necessity of maintaining shorter shipping routes, but also because of reduced animal-fat production in Europe with relatively short supplies and high prices of livestock feeds, and because of reduced production of whale and fish oils.

Table 6.- Oleomargarine: Production and materials used in manufacture, United States, October 1937 and 1938, August-October, 1939

Item	October		1939 1/		
	1937	1938	Aug.	Sept.	Oct.
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
Oleo oil	773	1,026	1,060	862	620
Oleostearine	300	344	274	329	236
Lard neutral	120	110	125	115	88
Oleo stock	100	122	59	65	71
Beef fat	---	---	20	---	---
Total animal	1,293	1,602	1,538	1,371	1,015
Cottonseed oil	20,154	10,380	6,986	9,034	8,689
Soybean oil	2,990	3,938	5,574	7,371	5,982
Peanut oil	255	215	254	258	197
Corn oil	75	---	22	35	22
Cottonseed stearine	---	---	---	10	---
Soybean stearine	---	11	---	---	---
Total domestic vegetable 2/	23,474	14,544	12,836	16,708	14,890
Coconut oil	6,964	8,420	1,763	3,113	2,167
Babassu oil	992	638	1,345	1,409	988
Palm-kernel oil	231	75	---	---	---
Total foreign vegetable 3/	8,187	9,133	3,108	4,522	3,155
Total fats and oils	32,954	25,279	17,482	22,601	19,060
Milk	7,497	6,247	4,315	5,297	4,538
Salt and other miscellaneous	2,098	1,476	1,028	1,281	1,116
Production of oleomargarine	40,467	31,092	21,608	28;105	23,785

Computed from Bureau of Internal Revenue records and Internal Revenue Bulletin.

1/ Preliminary.

2/ Ordinarily domestically produced.

3/ Not domestically produced.

Table 7.- Price per pound of specified fats and oils, and oil-bearing materials, November 1937 and 1938, and September-November 1939

Item	November		1939		
	1937	1938	Sept.	Oct.	Nov. 1/
	Cents	Cents	Cents	Cents	Cents
Fats and oils-					
Butter, 92 score, Chicago	37.0	26.5	27.4	28.4	29.5
Oleomargarine, dom. veg., Chicago	15.0	15.4	14.9	15.0	15.0
Lard, prime steam, Chicago	9.5	7.1	7.8	6.6	6.1
Lard, refined, Chicago	11.4	8.3	9.6	8.0	7.2
Lard compound, Chicago	10.4	9.8	9.7	9.7	9.5
Corn oil, crude, tanks, f.o.b. mills	6.7	6.4	6.8	6.6	5.8
Corn oil, refined, bbls., N. Y.	9.8	9.6	9.1	9.3	8.6
Cottonseed oil, crude, tanks, f.o.b. S.E. mills	6.0	6.5	5.9	5.8	5.6
Cottonseed oil, p.s.y., N. Y.	7.1	7.4	7.1	6.8	6.5
Oleo oil, extra, Chicago	12.2	8.7	10.6	10.0	8.5
Oleostearine, bbls., N. Y.	9.1	6.8	9.2	8.9	7.9
Peanut oil, crude, tanks, f.o.b. mills	7.0	6.6	2/6.3	2/6.8	6.7
Peanut oil, dom. refined, bbls., N. Y.	10.3	10.1	9.5	10.5	10.6
Soybean oil, crude, tank cars, midwestern mills	5.6	5.0	5.1	4.9	4.8
Soybean oil, refined, N. Y.	8.8	7.9	8.0	8.4	8.0
Babassu oil, N. Y.	---	6.1	7.0	7.0	6.7
Coconut oil, crude, tanks, f.o.b. Pacific Coast 3/	7.0	5.8	6.6	6.8	6.5
Coconut oil, edible, N. Y. 3/	9.2	7.4	7.6	---	8.1
Olive oil, edible, bbls., N. Y.	31.9	25.1	27.9	30.0	29.1
Palm-kernel oil, denatured, bbls., N. Y. 3/	7.7	6.6	6.4	---	---
Palm oil, crude, casks, N. Y. 3/	7.2	6.6	6.6	---	8.0
Rape oil, refined, bbls., N. Y. 4/	16.8	15.2	16.0	18.0	18.0
Sesame oil, refined, drums, N. Y.	10.5	10.5	10.3	---	---
Teaseed oil, crude, N. Y.	9.3	7.5	12.0	13.5	13.1
Tallow, inedible, Chicago	5.4	5.2	5.9	5.6	5.5
Grease, A white, Chicago	6.0	5.4	6.2	5.8	5.4
Menhaden oil, crude, tanks, f.o.b. Baltimore	4.6	4.0	3.7	4.6	4.5
Sardine oil, crude, tanks, Pacific Coast	4.8	3.9	4.2	4.6	4.2
Whale oil, refined, bleached winter, bbls., N.Y. 5/	9.9	8.2	2/12.1	2/12.5	12.5
Olive oil foots, prime, drums, N. Y.	10.1	7.1	9.0	10.0	9.3
Linseed oil, raw, tank carlots, Minneapolis	10.2	8.1	9.1	10.0	9.4
Linseed oil, raw, carlots, bbls., N. Y.	10.6	8.4	10.1	10.2	9.9
Perilla oil, drums, N. Y. 4/	17.2	14.4	18.9	19.0	18.7
Oiticica oil, N. Y.	14.6	11.5	19.7	21.0	20.6
Tung oil, drums, N. Y.	15.6	14.5	26.6	28.2	26.2
Castor oil, No. 3, bbls., N. Y.	10.2	9.2	8.8	10.8	11.1
Cod oil, Newfoundland, bbls., N. Y.	6.9	4.7	4.4	---	9.6
Oil-bearing materials-					
Copra, bags, f.o.b. Pacific Coast	2.4	1.8	2.1	2.3	2.1
Cottonseed, U.S. farm price (dol. per ton)	19.0	23.1	20.6	22.9	23.8
Cottonseed, Dallas (dol. per ton)	---	23.0	22.4	25.0	26.5
Flaxseed, No. 1 Minneapolis (per bu.)	207.3	184.2	175.1	185.7	183.9
Soybeans, No. 2 Yellow, Chicago (per bu.)	93.0	74.0	87.0	87.0	98.0

Compiled from Oil, Paint and Drug Reporter, National Provisioner, Chicago Daily Trade Bulletin, Minneapolis Daily Market Record, and reports of the Agricultural Marketing Service and Bureau of Labor Statistics. 1/ Preliminary. 2/ Revised. 3/ Includes excise tax of 3 cents beginning May 10, 1934. 4/ Includes excise tax of 4.5 cents beginning August 21, 1936. 5/ Includes excise tax of 3 cents beginning July 1, 1939.

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